

Sheppard Mullin Represents Salomon & Ludwin in Precedential Broker Protocol Win

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The US 4th Circuit Court of Appeals upheld a preliminary injunction on behalf of Sheppard Mullin client Salomon & Ludwin (S&L) that barred a rogue group of departing employees from starting a competing firm using stolen confidential information and clients. The ruling in a case of first impression impacts the entire financial brokerage industry.

S&L, a wealth management firm, sought a temporary restraining order (TRO) and preliminary injunction against its former employees for their premeditated misappropriation of trade secrets and violation of post-employment obligations. The former employees resigned *en masse* over Memorial Day weekend in 2024 and immediately mass-solicited and stole clients, representing hundreds of millions of dollars in value, in stark violation of their employment agreements. Among other arguments, the former employees claimed the Broker Protocol for Financial Advisors trumped their employment agreements and permitted them to steal client information and relationships.

Sheppard Mullin obtained a TRO against the defendants and subsequently moved for preliminary relief. Following a full-day hearing, the district court entered a preliminary injunction halting any further solicitation or misappropriation for the duration of the litigation. On appeal, the Fourth Circuit affirmed, holding the parties' agreements trumped the Broker Protocol, and the injunction remained in effect as to the former employees.

This case is one of first impression to address the interplay of the Broker Protocol and employment agreements and carries far-reaching, industry-wide implications. As the first and only federal appellate court to address the issue, the court made clear the voluntary Broker Protocol does not trump contractual obligations related to non-solicitation and non-compete provisions. This opinion has widespread implications for how financial institutions, large and small, contract with employees and protect their client relationships going forward. And, importantly, the ruling ensures over \$750 million in S&L's assets and accounts remain secure while the underlying litigation proceeds. [Read the opinion here.](#)

The Sheppard Mullin team was led by partners Denise Giraudo, who is co-leader of the firm's Labor & Employment practice group, Paul Werner and Imad Matini. Werner argued the appeal. Associates Hannah Wigger, Tifenn Drouaud and Christopher Bauer assisted on the matter.

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Practice Areas

Labor and Employment

Litigation